# GOVERNMENT OF INDIA
# PETROLEUM AND NATURAL GAS
# LOK SABHA

STARRED QUESTION NO:115
ANSWERED ON:02.05.2016
Exploration of Oil and Gas
Shewale Shri Rahul Ramesh

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

(a) whether the current depressed oil and gas prices scenario makes fresh investment unviable and the companies involved in the oil and gas production are reluctant to invest in the said sector;
(b) if so, the details thereof and the reaction of the Government thereto along with the steps taken/being taken by the Government in this regard;
(c) whether the Government proposes to maintain reserves of national resources and import oil and gas at cheaper rates and if so, the details thereof; and
(d) whether the Government proposes to create/increase its buffer stock/ strategic reserves to meet the future requirement of the country and if so, the details thereof?

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## Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM & NATURAL GAS
(SHRI DHARMENDRA PRADHAN)
(a) to (d) A statement is laid on the table of the house.
STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION No. 115 BY RAHUL SHEWALE: TO BE ANSWERED ON 02.05.2016 REGARDING "Exploration of Oil and Gas".
(a) Crude oil and gas prices are governed by many factors and generally are volatile in nature. High oil prices allow companies to earn higher profits and thus it encourages companies to carry out extensive oil exploration and production activities. Due to falling oil prices E&P companies may restrict/ reduce the budget on exploration & development activities to cope up with low price market. They may also resort to other cost cutting measures to maintain profitability. But some operators may also take this as an opportunity for further exploration as cost of oil field services and equipments have also fallen in low oil and gas price regime.
(b) Recent Government decisions such as levying oil cess at ad-valorem basis instead of fixed 4500/-per Metric Tonne, providing marketing including pricing freedom for the High Pressure High Temperature (HPHT)/Deepwater 28 discoveries would incentivise the investment in the oil and gas production.
(c) There is no proposal to reduce the production by the national oil companies.
(d) The Government, through Indian Strategic Petroleum Reserve Limited (ISPRL) has constructed crude oil reserves with storage capacity of 5.33 Million Metric Tonnes (MMT) at three locations viz. Visakhapatnam (1.33 MMT), Mangolore (1.5 MMT) and Padur (2.5 MMT). In order to further increase the Strategic Crude Oil storage capacity, a detailed Project Report has been prepared for establishing additional crude oil reserves of 12.5 MMT at Chandikhol (3.75MMT), Padur(2.5MMT), Rajkot(2.5MMT) and Bikaner (3.75MMT

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